

DEPARTMENT OF SOCIAL SERVICES
14 P Street, Sacramento, CA 95814



July 22, 1998

ALL-COUNTY LETTER NO. 98-54

REASON FOR THIS TRANSMITTAL

- ☐ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order or Settlement Agreement
- ☐ Clarification Requested by One or More Counties
- ☒ Initiated by CDSS

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY FOOD STAMP COORDINATORS

SUBJECT: REPORTING REVISIONS FOR THE CALIFORNIA FOOD ASSISTANCE PROGRAM (CFAP)

REFERENCE: ALL COUNTY INFORMATION NOTICE I-52-97, dated August 19, 1997
ALL COUNTY LETTER 97-50, dated September 3, 1997
ALL COUNTY LETTER 97-77, dated December 11, 1997
ALL COUNTY LETTER 97-84, dated December 31, 1997
ALL COUNTY LETTER 98-13, dated March 3, 1998

Several All County Letters have been issued in regard to the CFAP, which was implemented in California on September 1, 1997. All County Letter No. 98-13 informed counties of the need to use a new budget methodology to calculate the actual federal and actual state food stamp coupon value beginning March 1998. As a result of this change, the Food Stamp Program Participation and Coupon Issuance Report (DFA 256) was revised. A copy of the revised form is enclosed with this letter.

In addition, guidance was received from the Department of Agriculture - Food and Nutrition Service for reporting food stamp overissuances on the Fraud Investigation Activity Report (DPA 266) and the Status of Claims Against Households Report (FNS 209). The instructions for reporting food stamp overissuances are enclosed as Attachment I and Attachment II, respectively.

Effective with the March 1998 DFA 256 report, counties are to report actual federal and actual state food stamps issued during the month. If your county will not be able to report the actual federal and actual state food stamp coupon value on the March 1998 report, contact Virginia Uchida at (916) 445-6731 as soon as possible and provide her with an estimate of when the reports will be available.

If you have questions regarding the forms or instructions forwarded with this letter, please contact:

FORM

Food Stamp Program Participation
and Coupon Issuance Report (DFA 256)

Status of Claims Against Households (FNS-209)

Fraud Investigation Activity Report (DPA 266)

CONTACT

Reports Unit
Bruce Lerner - (916) 322-9809

Fund Accounting and Reporting Bureau
James Cortes - (916) 657-3131
Janet Lopez - (916) 654-0931

Reports Unit
Carol Peterson - (916) 323-7887

If you have general CFAP questions, contact Alan Rowe of the Food Stamp Bureau at (916) 653-5208, or for Fraud Program questions, contact Rick Tibbetts at (916) 323-5674.



JOHN H. WILSON

Deputy Director
Program Planning and Performance Division

Attachments

c: CWDA

ATTACHMENT I

DPA 266, FRAUD INVESTIGATION ACTIVITY REPORT

Reference: ACL 97-81 (dated December 29, 1997) Impact of the California Food Assistance Program (CFAP) for Legal Immigrants on the DPA 266, Fraud Investigation Activity Report

The purpose of this attachment is to provide revised reporting instructions to the county welfare departments and special investigative units on the DPA 266, Fraud Investigation Activity Report, due to the implementation of the California Food Assistance Program (CFAP) for Legal Immigrants.

Food and Nutrition Services (FNS) has provided the California Department of Social Services with a methodology for identifying and reporting overissuances and collections for **combined** food stamp households on the DPA 266 during the September 1997 through February 1998 period. In addition, effective with the March 1998 report month, a methodology has been developed to identify overissuances and collections based on the implementation of the new budget computation for **combined** households. This would affect Part A, Section IV, Item 21, Total Fraud Overpayments Identified (Dollar Amounts), and Part E, Item 1, Total Collected During Prior Month (Dollar Amounts), on the DPA 266. As stated in ACL 97-81, a **combined** food stamp household is defined as a household that receives both federal and state-only food stamp benefits.

Interim Reporting Period: September 1997 through February 1998

The revised methodology to identify the federal and state-only portion of a **combined** household overissuance will be based on your individual county's combined persons count ratio as reported on the DFA 256, Participation and Coupon Issuance Report - Food Stamp Program. The DFA 256 was revised effective the September 1997 report month due to the implementation of CFAP. (See ACL 97-77, dated December 11, 1997.) Each county's ratio may change on a monthly basis due to changes to the combined CFAP household and number of persons in those households.

For example, in January 1998, if the total number of persons in **combined** households is 1,000 in a county and the number of state-only persons is 300 (as reported on the DFA 256), the federal ratio would be .70 ($700/1,000$) and the state-only ratio would be .30 ($300/1,000$). If a combined household has an overissuance of \$100 for the month of January 1998, the federal overissuance would be \$70 ($\$100 \times .70$) and the state-only overissuance would be \$30 ($\$100 \times .30$).

When there are multiple months of overissuances identified during the interim reporting period for **combined** households, the federal and state-only overissuance for each month should be determined based on your county's respective monthly persons count ratio for combined households for each month the overissuance occurred. The total overissuance amount would then be reported on the DPA 266 in the month it was identified. Any identified overissuances which occurred prior to September 1, 1997 are federal overissuances since it is prior to the implementation of CFAP.

When overissuances for a **combined** household are collected, the collection amount should be shared and based upon the federal and state-only ratios of the **total** overissuance. The federal ratio would be calculated by dividing the total federal overissuance amount by the total overissuance amount. The state ratio would be calculated by dividing the total state-only overissuance amount by the total overissuance

For those households composed of all individuals in the CFAP (i.e., state-only persons) with a CFAP overissuance and/or collection, the entire overissuance and collection should be reported and separately identified in Column 5, Part A, Section IV, Item 21 (Total Fraud Overpayments Identified) and Part E, Item 1, (Total Collected During the Prior Month), as instructed in ACL 97-81. The state share of the **combined** food stamp household overissuance and collection should be added to those amounts. The state-only food stamp and the state share of the combined food stamp amount should be a **subset** of the total overissuance and collection amount being reported in Columns 2 and 3 (PAFS and NAFS columns).

Effective March 1998 Report Month

Effective with the March 1998 report month, the actual amount of overissuances and collections for **combined** CFAP households should be reported on the DPA 266. Based on the ACL 97-84 (dated December 31, 1997), effective March 1, 1998, the methodology for determining the CFAP coupon allotment for combined households is based on the following:

1. Calculate benefits for the entire household as if all members of the household are eligible for federal benefits.
2. Calculate benefits for the members of the household eligible for federal benefits.
3. Subtract benefits calculated in #2 from those benefits calculated in #1. The difference is the state-only cost.

When an overissuance has occurred, the federal and state-only share of the overissuance amount for a combined CFAP household is clearly identified. The overissuance is the difference between the household's actual allotment and the allotment amount, if any, they should have received.

Example:

<u>CFAP Combined Household</u>	<u>Federal</u>	<u>State</u>
Actual Allotment Received:	\$240.00	\$50.00
Corrected Issuance Amount:	100.00	30.00
	<hr/>	<hr/>
Amount of Overissuance:	\$140.00	\$20.00

Collections for combined cases will be shared by both the State and FNS. The methodology for collections is the same as during the interim reporting period and will be based on the federal and state liability ratios. Using the above example, for any collections received, the federal ratio would be .875 percent ($\$140 \text{ federal overissuance amount} / \$160 \text{ total overissuance amount}$) and the state ratio would be .125 ($\$20 \text{ state overissuance amount} / \$160 \text{ total overissuance amount}$). Report all CFAP overissuances and collections in the appropriate line items as instructed in ACL 97-81.

It should also be noted that the Federal Food Stamp Program and CFAP should be treated as separate programs for purposes of recovering overissuances. Overissuances due in one program should not be used to repay an overissuance for the other program. For example, a Federal overissuance should not be repaid using CFAP benefits.

ATTACHMENT II

FNS-209, STATUS OF CLAIMS AGAINST HOUSEHOLDS

As specified in the California Food Assistance Program (CFAP) State Plan, CFAP claims are not federal debts and, therefore, must **not** be included on the FNS 209 report. Please continue to follow current FNS 209 instructions when preparing your quarterly "Status of Claims Against Households" report. An exception to this is on Line 29, REMARKS section. On this line separately identify CFAP **cash collections** noting "CFAP cash collections \$ _____" (see attached).

Interim Reporting Period: September 1997 through February 1998

During the months of September 1997 through February 1998, for purposes of separating the federal and state portions of an unspecified overpayment claim from a **combined** household, calculate the federal and state portion based on your individual county's combined persons count ratio as reported on the DFA 256, Participation and Coupon Issuance Report- Food Stamp Program. For example, in January 1998, if the total number of persons in **combined** households is 1,000 in a county and the number of state persons is 300 (as reported on the DFA 256), the federal ratio would be .70 ($700/1,000$) and the state ratio would be .30 ($300/1,000$). If a combined household has an overissuance of \$100 for the month of January 1998, the federal overissuance would be \$70 ($\$100 \times .70$) and the state overissuance would be \$30 ($\$100 \times .30$). Each county's ratio may change from month to month due to the persons count in the combined CFAP households.

When there are multiple months of overissuances identified during the interim reporting period for **combined** households, the federal and state overissuance for each month should be determined based on each county's respective monthly persons count ratio for combined households for each month in which an overissuance occurred. The federal overissuance claim amount would then be reported on the FNS 209 report in the quarter it was identified. Any identified overissuances which occurred prior to September 1, 1997, are federal claims since they occurred prior to the implementation of CFAP.

Effective March 1, 1998

Based on the ACL 97-84 (dated December 31, 1997), effective March 1, 1998, the methodology for determining the CFAP coupon allotment for **combined** households is based on the following:

1. Calculate benefits for the entire household as if all members of the household are eligible for federal benefits.
2. Calculate the benefits for the members of the household eligible for federal benefits.
3. Subtract the benefits calculated in #2 from those benefits calculated in #1. The difference is the state-only cost.

After March 1, 1998, when a claim has been established, the federal and state-only share of the claim amount for a **combined** CFAP household is clearly identified. The claim is the difference between the household's actual allotment and the allotment amount, if any, they should have received.

Collection of Claims for Combined Households

When claims for a **combined** household are collected, the collection amount should be shared between the federal and state liability based upon the federal and state-only ratio of the total claim. The federal ratio would be calculated by dividing the total federal claim amount by the total amount. The balance would be the state ratio. These ratios would then be applied to the collection amount to determine the federal and state-only CFAP share of the collection.

Example:

<u>CFAP Combined Household</u>	<u>Combined</u>	<u>Federal</u>	<u>State</u>
Actual Allotment Received	\$290.00	\$240.00	\$50.00
Correct Issuance Amount	<u>130.00</u>	<u>100.00</u>	<u>30.00</u>
Amount of Overissuance	\$160.00	\$140.00	\$20.00

Using the above example, for any collections received, the federal ratio would be .875 percent ($\$140 \text{ federal overissuance amount} / \$160 \text{ total overissuance amount}$) and the state ratio would be .125 (the balance of $1.000 - .875$).

In Step #2 of the methodology, when the calculation of federal benefits results in a zero allotment level, the entire claim would be against the CFAP and any collection amount should be applied to CFAP. When the benefits calculated for the federal portion of the household exceed the combined allotment, the entire claim will be federal and any collection should be a federal reimbursement. Additional instructions for handling overissuances will be issued soon by the Food Stamp Bureau.

STATUS OF CLAIMS AGAINST HOUSEHOLDS

1a. STATE NAME

2a. QUARTER COVERED

☐ 1-FIRST 3-THIRD
☐ 2-SECOND 4-FOURTH1b. STATE CODE 2b. FISCAL YEAR

CLAIMS SUMMARY	A. INTENTIONAL PROGRAM VIOLATION		B. INADVERTENT HOUSEHOLD ERROR		C. STATE AGENCY ADMINISTRATIVE ERROR	
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
3a. BEGINNING BALANCE						
b. BALANCE ADJUSTMENTS (+) or (-)						
4. NEWLY ESTABLISHED						
5. TRANSFER (+) or (-) (See Instructions)						
6. REFUNDS (20a+20b)						
7. TOTAL (3a+3b+4+5+6)						
8. CLOSED						
9. TERMINATED						
10. COMPROMISED						
11a. COLLECTION (18a)						
b. COLLECTION ADJ. (18b+18c)						
12. TOTAL (See Instructions)						
13. ENDING BALANCE (7 LESS 12)						

COLLECTION SUMMARY

14. CASH, CHECK, M.O.				
15. FOOD STAMPS				
16. RECOUPMENT				
17. OFFSET				
18a. TOTAL (14+15+16+17)				
b. CASH ADJ. (+) or (-)				
c. NON-CASH ADJ. (+) or (-)				
19. TRANSFERS (+) or (-) (See Instructions)				
20a. CASH REFUNDS				
b. NON-CASH REFUNDS				
21. TOTAL (18a+18b+18c+19-20a-20b)				
22. RETENTION AMOUNT (See Instructions)				
23. NET CASH COLLECTION (14+18b-20a)				
24. TOTAL SA RETENTION (22a+22b)				
25. LOC ADJ. (+) or (-) (23-24)				
26. REIMBURSEMENTS DUE FNS (See Instructions)				
27. BILLING ADJUSTMENTS (See Instructions)				
28. TOTAL LETTER OF CREDIT ADJUSTMENTS (25+26-27)				
29. REMARKS (Attach separate sheet, if necessary) CFAP cash collections \$ _____				

I certify that the above information is true and correct to the best of my knowledge.

30. DATE

31. TITLE

32. SIGNATURE

FOOD STAMP PROGRAM
PARTICIPATION AND COUPON ISSUANCE REPORT

This report is: ☐ Original Submission
or
____ Revision
(NUMBER)

COUNTY	COUNTY CODE	PROJECT CODE
REPORT MONTH AND YEAR		

1. TOTAL PARTICIPATION	A. Public Assistance			B. Non-Public Assistance			C. Total (A+B)		
	Federal	Federal/State	State	Federal	Federal/State	State	Federal	Federal/State	State
a. Number of Households.....									
b. Number of persons in federal only households.....									
c. Number of federal and state persons in Federal/State households.....									
d. Number of persons in state only households.....									

2. TOTAL ISSUANCES.....	A. MAIL	B. CONTRACTED OVER THE COUNTER	C. OTHER OVER THE COUNTER	D. TOTAL (A+B+C)

3. VALUE OF DOCUMENTED COUPON ISSUANCES.....	ROUND TO NEAREST WHOLE DOLLAR, DO NOT SHOW CENTS			
	Federal	Federal/State		State
		Federal	State	
	\$	\$	\$	\$

REMARKS: (a) Explain month to month participation changes in Item1, Columns A and B, of plus or minus 5 percent.
EXAMPLE: Strikes, disaster, plant shut downs, migrant influx, etc.
(b) Explain month to month changes of \$2 or more per person (item 3 Federal divided by Item 1b, column C)

COMMENTS:

NAME OF AUTHORIZED OFFICIAL	TITLE	TELEPHONE NUMBER	DATE
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